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ABSTRACT

This brief booklet is an aid to college-bound students and their parents in determining possible eligibility for financial aid from various sources. The step-by-step process includes estimating college expenses, family contributions, and financial needs. Questions and answers and a checklist for applying for funds are presented, covering such topics as: how to apply; when to apply; what kinds of questions are on the Financial Aid Form (FAF); what happens to the FAF after it is sent to the College Scholarship Service; and what it costs to use the FAF. Numerous charts and tables are provided for illustration. (MSE)

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MEETING COLLEGE COSTS

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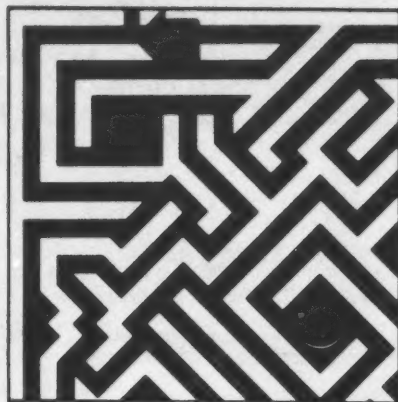
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**THIS BOOKLET CAN HELP YOU
LEARN WHETHER YOU ARE
ELIGIBLE FOR STUDENT FINANCIAL AID**



College Scholarship Service of the College Board



MONEY FOR COLLEGE

In 1980-81, over \$12 billion in financial aid will be available to help students meet the costs of education or training after high school. This money helps millions of students continue their education. It can help you too. You don't have to be poor to qualify, but you do have to prove you need it. You'd probably be surprised to learn just how many students are eligible for some amount of financial aid, especially at high-cost colleges.

In this booklet you'll find out about the different types of financial aid, and by following the steps outlined here, you can discover whether you are eligible for such aid.

TYPES OF FINANCIAL AID

Financial aid comes in three forms:

Grants or scholarships—aid that does not have to be repaid (sometimes called "gift aid").

Loans—these usually have low interest rates and must be repaid, but generally after you have graduated or left college.

Student employment or work aid—this may mean a job that the college found for you or work you found on your own.

SOURCES OF FINANCIAL AID

Financial aid can come from several different sources: the federal government, state government, colleges themselves, and a wide variety of private organiza-

tions and scholarship programs. Some of the major programs are described on page 6.

PUTTING IT ALL TOGETHER

Most students get a combination of "gift aid" and "self-help aid" (loans and work-study) from different sources. This is called a financial aid "package." The financial aid administrator at the college you attend or apply to will put together your package, but you have to take the first step by applying for aid. Remember, applying for admission is not enough. You must also apply for aid to be considered. See pages 7-8 for tips on applying, and give yourself the best chance by planning ahead.

DON'T JUST WONDER- CHECK IT OUT!

Some students don't apply for aid, thinking they won't qualify because their family income is too high. But eligibility for financial aid is not based on family income alone!

Postsecondary institutions, states, and other organizations award financial aid on the basis of demonstrated need. They believe that students and parents have a responsibility to pay as much as they can toward education costs. "Demonstrated need" is the difference between what it costs to attend a particular college and how much the family can reasonably be

expected to contribute toward those expenses. Here's how it works:

Total College Expenses
—Family Contribution (what the family can pay)

Demonstrated Need

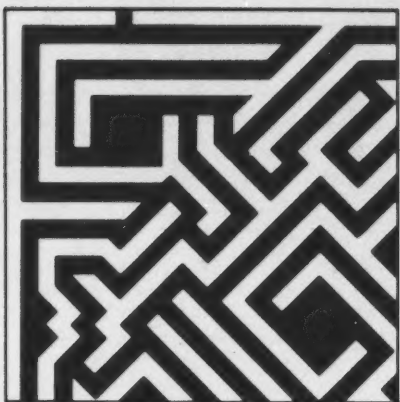
Students are usually eligible for financial aid equal to the amount of their demonstrated financial need. Since the amount a family can afford to pay stays the same whether the costs are high or low, you can see that you might be eligible for different amounts of aid at different institutions.

In fact, if you are able to get all the financial aid you're eligible for, you could end up paying the same amount at a high-cost institution as you would at a lower cost one. That's why you shouldn't rule out any college that interests you on the basis of its costs alone.

HOW TO USE THIS BOOKLET

You can make a rough estimate of your eligibility for financial aid by following the three steps described in this booklet:

1. Estimate your expenses at the colleges you are considering (page 3).
2. Estimate the amount your family will be expected to contribute (pages 4-5).
3. Subtract the estimated family contribution from the estimated total expenses at each college to determine your financial need (page 6). Then review the tips for applying on pages 7-8. And you're on your way!



STEP 1 ESTIMATE YOUR EXPENSES

3

There are many different kinds of postsecondary education institutions to choose from—community colleges, vocational and technical schools, public or private universities near home or far away. Costs can differ greatly from one institution to another, so you should make an estimate of expenses for each college you are considering.

You can see from the examples below the types of expenses you will need to consider. There are direct educational costs—tuition, fees, books, and supplies; and living costs—such as room, board,

transportation, and personal expenses. You must also consider whether you plan to live at home and commute to the college for classes, or reside on or near the campus. If you have any unusual expenses, e.g., child care or ongoing medical needs, you should figure them into your budget, too.

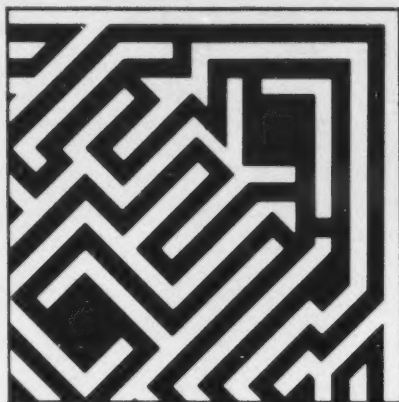
Don't let an estimate of high expenses discourage you. High-cost institutions generally have more financial aid available to help students meet expenses.

Two publications that can help you estimate what your total costs

will be are *Student Expenses at Postsecondary Institutions* and *The College Handbook*, both published by the College Board. Your counselor or librarian probably has copies. Use the information in these publications in your early planning, but consult individual college catalogs when you are ready to make more definite plans.

To find out about individual college costs, write to each institution you are considering for a copy of its latest catalog, as well as any other materials on expenses and financial aid.

Examples of typical students (expenses given are for a 9-month period)	Andrea Commuting student (living at home) at an in-state 2-year public institution	Beth Resident student of an in-state 4-year public institution	Carlos Resident student of an independent (private) institution	Estimating your own expenses		
				Name of institution	Name of institution	Name of institution
1. Tuition and fees	\$ 400	\$ 680	\$2,900	\$	\$	\$
2. Books and supplies	210	230	230			
3. Student's room	Not applicable	775	815			
4. Student's board/meals	940*	775	815			
5. Personal (clothing, laundry, recreation, medical)	500	550	490			
6. Transportation**	465	245	250			
7. Other (such as costs of child care, extra expenses because of handicap)	0	0	0			
A. Total budget (Add 1 through 7)	\$2,515	\$3,255	\$5,500	\$	\$	\$
*You will want to consider these expenses to your family if you live at home.						
**If you are planning to live on campus, you should estimate the cost of the round trips you will make to your home. Colleges usually estimate that a student makes two or three round trips during the year. Students living at home should figure the costs of daily transportation to the college.						



STEP 2 ESTIMATE YOUR FAMILY'S CONTRI- BUTION

A method of determining how much families may be able to pay toward meeting college costs has been developed by the College Scholarship Service (CSS). The CSS, a part of the College Board, is composed of postsecondary institutions, high schools, and scholarship programs throughout the country. Representatives of these institutions, economists, and other experts in financial aid develop the guidelines that are used nationally by colleges and scholarship programs to figure a family's ability to pay for college

Figure parents' contribution first	Andrea 4-member family, both parents work, age of older parent is 47	Beth 1-parent family, nontaxable income only, some assets, 2 children in family, age of parent is 42	Carlos 5-member family, income from a business, 2 children in college, age of older parent is 37	Your parents' estimate
1979 INCOME				
1. Father's yearly wages, salaries, tips, and other compensation	\$11,400	\$ 0	\$23,500	\$
2. Mother's yearly wages, salaries, tips, and other compensation	5,100	0	0	
3. All other income of mother and father (dividends, interest, social security, pensions, welfare, etc.)	20	9,000	2,000	
B. Total income (Add 1, 2, 3)	16,520	9,000	25,500	
EXPENSES				
4. Adjustments to income such as sick pay, moving expenses, employee business expenses (the amount allowed on U.S. income tax return)	90	0	0	
5. U.S. income tax parents expect to pay on their 1979 income (not amount withheld from paycheck)	1,530	0	3,350	
6. Social Security (FICA) tax (6.13% times each salary to a maximum of \$1,404 each)	1,010	0	1,404	
7. State and other taxes (Enter 8% of B)	1,321	720	2,040	
8. Medical and dental expenses (not covered by insurance) in excess of 3% of B	552	0	400	
9. Employment allowance. If 2-parent family and both parents work, allow half of lower salary to a maximum of \$2,400; if 1-parent family, allow half of salary to a maximum of \$2,400. No allowance for a 2-parent family in which only 1 parent works.	2,400	0	0	
10. Standard maintenance allowance (See Table for 10)	9,240	7,480	9,870	
C. Total allowances against income (Add 4, 5, 6, 7, 8, 9, 10)	16,143	8,200	17,064	
D. Available income (Subtract C from B)	337	800	8,436	
ASSETS				
11. Home equity (total estimated value of your home on the current market less any unpaid balance on your mortgage)	30,000	0	18,000	
12. Other real estate equity (value minus unpaid balance on your mortgage)	0	0	0	
13. Business or farm (Figure total value less indebtedness and then take percentage shown in table). If your family is only part owner of the farm or business, list only your share of the net value	0	0	24,000	
14. Cash, savings and checking accounts	900	7,500	2,000	
15. Other investments (current value)	0	0	0	
E. Total assets (Add 11, 12, 13, 14, 15)	30,900	7,500	44,000	
DEDUCTION				
F. Asset protection allowance (See Table for F)	25,800	17,400	36,000	
G. Remaining assets (Subtract F from E)	5,100	-9,900	8,000	
H. Income supplement from assets (Multiply G by 12% if G is positive; by 6% if G is negative and D is less than \$5,370. Enter zero if G is negative and D is \$5,370 or more)	612	-594	960	
I. Adjusted available income (Add D and H)	989	206	9,396	
J. Parents' expected contribution (Multiply I by taxation rate amount given in Table for I)	217	45	2,361	
K. Parents' expected contribution if more than one family member is in college (Divide J by number of family members in college at least half time)			1,180	

expenses. Changes are made each year to reflect such factors as increases in the cost of living. So a family who may not have qualified for aid one year may be eligible the next.

When you apply to a college for financial aid, you will probably be asked to fill out a Financial Aid Form (FAF). The CSS analyzes the information provided by each student on the FAF, taking into account such factors as income, assets, family size, and unusual expenses. It then provides a mea-

sure of the family's financial strength and need for financial aid. The exercise on these pages is an abbreviated version of the "need analysis process" that students go through when they actually fill out an FAF and apply for aid. By completing this exercise you can get a general idea of what you and your family might be expected to contribute toward your college expenses. The analysis that the CSS makes will be based on more detailed and specific information. Financial aid administrators, who

make the awards for their institutions, consider the CSS analysis and any other pertinent facts you have given them before deciding how much aid you will be awarded.

The financial aid offices at the colleges you apply to take into consideration your special family circumstances when reviewing your application for aid. That's why you should apply for aid if you think there's even a small chance that you'll need help.

Table for 10 Standard maintenance allowance

Family size (including applicant)	Number of family members in college			
	1	2	3	4
2	\$6,010	\$4,980		
3	7,480	6,450	\$ 5,420	
4	9,240	8,210	7,180	\$ 6,150
5	10,900	9,870	8,840	7,810
6	12,750	11,720	10,690	9,660
7	14,190	13,160	12,130	11,100
8	15,630	14,600	13,570	12,540
9	17,070	16,040	15,010	13,980
10	18,510	17,480	16,450	15,420
11	19,950	18,920	17,890	16,860
12	21,390	20,360	19,330	18,300
Each additional	+ 1,440	+ 1,440	+ 1,440	+ 1,440

Table for F Asset protection allowance

Age	Two-parent family	One-parent family
44 or less	\$22,400	\$17,400
45-49	25,800	19,600
50-54	30,500	22,300
55-59	36,000	25,800
60-64	43,500	30,000
65 or more	48,900	33,000

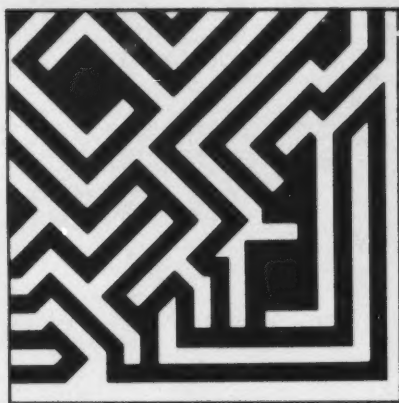
Table for 13 Adjustments for business or farm

Net worth	Adjustment rate
Less than \$1	\$0
\$ 1 - \$ 45,000	40% of net worth
45,001 - 135,000	\$ 18,000 plus 50% of excess over \$45,000
135,001 - 225,000	63,000 plus 60% of excess over 135,000
225,001 or more	117,000 plus 100% of excess over 225,000

Table for J Parents' expected contribution

Adjusted available income (or item I)	Taxation rate
\$ 1 - \$ 5,370	22% of AAI
5,371 - 6,720	\$1,181 plus 25% of AAI over \$ 5,370
6,721 - 8,070	1,519 plus 29% of AAI over 6,720
8,071 - 9,420	1,911 plus 34% of AAI over 8,070
9,421 - 10,770	2,370 plus 40% of AAI over 9,420
10,771 or more	2,910 plus 47% of AAI over 10,770

Figure student's contribution next	Andrea Some savings	Beth No assets but summer savings	Carlos Savings plus two local scholarships	Your estimate
16. Savings and other assets such as stocks and bonds multiplied by 35%	\$175	\$ 0	\$ 300	\$
17. Educational benefits for student such as social security and veterans' educational benefits	0	0	0	
18. Savings from summer earnings (for the summer before freshman year, allow \$500. Add \$100 or \$200 for each subsequent year)*	500	500	500	
19. Other gifts you have already received	0	0	600	
L. Student resources (Add 16, 17, 18, 19)	675	545	1,400	
*If you are unable to find a summer job or to save the amount suggested, you should report this to the college.				



STEP 3 ESTIMATE YOUR NEED

First, add your parents' contribution (J on previous page, or K if there is more than one family member in college) to your contribution (L on previous page) to get a preliminary estimate of your total family contribution.

Then, subtract your total family contribution from the total expenses of the colleges that interest you (from page 3) to see how much financial aid you might need.

You are probably eligible for this amount of financial aid.

Add for total family contribution	Andrea	Beth	Carlos	Your family
J. Parents' expected contribution (Use figure for K instead of J if there is more than one family member in college)	\$217	\$ 45	\$1,180	\$
L. Student's expected contribution from resources	675	500	1,400	
M. Total family contribution (Add J and L)	\$892	\$545	\$2,580	

Subtract for student's need	Andrea	Beth	Carlos	Name of institution	Name of institution	Name of institution
A. Total expenses (from page 3)	\$2,515	\$3,255	\$5,500	\$	\$	\$
M. Total family contribution	892	545	2,580			
N. Student need (Subtract M from A)	\$1,623	\$2,710	\$2,920	\$	\$	\$

To meet your need, you may receive aid from several sources such as the major programs described here.

INSTITUTIONAL FUNDS

Most colleges have institutional scholarships or grants as well as loan and work programs. In addition, nearly all colleges administer the following federal programs.

FEDERAL FUNDS

The Supplemental Educational Opportunity Grant Program (SEOG) is a program providing grants up to \$1,500 a year. The amount may not exceed 50 percent of the student's demonstrated financial need.

The National Direct Student Loan Program (NDSL) is a program that provides loans for students with need. No interest is paid while the student is enrolled in college. When the student leaves college, repayment at 3 percent interest begins.

The College Work-Study Program (CWS) is a program providing jobs for students with demonstrated need.

Colleges may also administer some other federal programs including ones to assist students who enter nursing, health, and law-enforcement programs.

BASIC GRANTS

The federal government also sponsors the Basic Educational Opportunity Grant Program (BEOG). These grants may be as high as \$1,800, but will probably average about \$1,050 in 1980-81. Grants are based on family financial circumstances, and may be used at the college of your choice. You can apply for a Basic Grant just by filling out the appropriate box on your FAF—no other application is required.

GUARANTEED STUDENT LOANS

The Guaranteed Student Loan Program (GSL) is a very important source of loan funds. These loans are primarily made by banks, savings and loan associations, and credit unions, but some colleges are also lenders. The federal government pays the full 7 percent interest on loans for students while they are enrolled.

Repayment begins after the student graduates or leaves school.

STATE FUNDS

All states have scholarship or grant programs to help students attend the college of their choice. Ask your counselor for details.

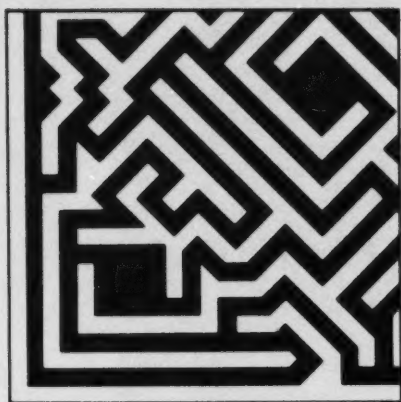
COMMUNITY FUNDS AND OTHER SOURCES

Financial aid is also provided by community agencies, foundations and corporations, unions, religious organizations, clubs, and civic and cultural groups. Need is usually considered, but other factors may be taken into account.

MEETING YOUR NEED WITH AN AID PACKAGE

Whether you will need a lot of aid or just a little, institutions will do their best to help you find the combination of resources you need to attend. The box below shows how our three examples were able to meet college expenses.

	Total family contribution	Basic Educational Opportunity Grant	State scholarship	Institutional grant	Supplemental Educational Opportunity Grant	College Work-Study	National Direct Student Loan	Guaranteed Student Loan	Total resources for college
Andrea	\$ 892	775				845			\$2,512
Beth	\$ 545	1,310			600		800		\$3,255
Carlos	\$2,580	225	500	245		750		1,200	\$5,500
Record your awards									



HOW TO APPLY— QUESTIONS AND ANSWERS

7

How do I apply for financial aid?

Most colleges and state or other scholarship programs will ask you to complete the Financial Aid Form. The FAF collects financial information about you and your family that these institutions and programs use to determine your need for financial aid. Some students will also be required by the colleges or other programs from which they are seeking aid to complete the "FAF Supplement," which collects additional information. You should check with each institution and program to make sure that you know *what forms to file when*. (Some colleges and programs ask students to complete their own institutional applications, too.)

Remember, applying for admission to a college is not enough. If you think you will need financial aid, you must apply for it!

When should I apply for financial aid?

Check the deadlines for each college, state program, or other scholarship program to which you plan to apply. You should file the FAF (and the FAF Supplement, if necessary) as soon as possible after January 1, 1980—and preferably at least four weeks before the earliest deadline you need to meet.

What kinds of questions are on the FAF?

You will be asked questions about your family's financial situation. Many of the questions are identical to those items you completed in pages 4-5 of this booklet—questions about income, assets, family size,

age of your older parent, number of family members in college, etc. The purpose of these questions is to help the financial aid administrators at the colleges or programs to which you are applying evaluate your family's overall financial strength and what you can reasonably be expected to contribute toward meeting college costs.

Detailed step-by-step instructions will accompany your FAF. You will want to refer to your parents' (or student's, if appropriate) most recent U.S. income tax returns. To prevent processing delays, fill out the FAF completely. (Don't leave any items blank—if an answer is "zero," enter a "0.") Also, keep in mind that some colleges may request a copy of your parents' latest tax return to verify the information you reported on the FAF before they make a final aid award. The information you report is kept strictly confidential. Only those institutions and programs you designate receive a copy of your FAF.

What happens to my FAF after I send it to the CSS?

The CSS analyzes the information you report, and makes a preliminary estimate of what your family could probably contribute to meeting your educational expenses. This information is printed on an FAF Need Analysis Report (FAFNAR), and is sent—along with a copy of your original FAF—to the colleges and programs you designated when you filed the form.

If you indicated on the FAF that you also wanted to receive consideration for a Basic Educational Opportunity Grant (BEOG), the CSS would send a copy of your application to this federal program at no extra charge to you.

And at about the same time, the CSS will send an FAF Acknowledgment back to you. You should review this Acknowledgment to make sure that all the institutions and agencies you're applying to have received a copy of your FAF and FAFNAR. You can also use this Acknowledgment to add other institutions or agencies, including the Basic Grant program, to your original list.

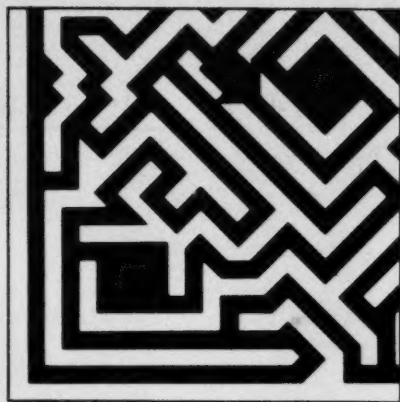
You will eventually receive communications from the colleges, state agency, and Basic Grant program. Review all your award notices and other communications carefully, and supply additional information as requested.

What does it cost to use the FAF?

The CSS processing fee is \$5 for the first institution or program that you list and \$2.75 for each additional one. This fee covers the cost of analyzing the FAF and of sending a copy of the FAF and the Need Analysis Report to all institutions and programs listed.

For an additional \$1 fee, you may receive from the CSS a preliminary estimate of your expected family contribution at the same time as the estimate is sent to colleges and other programs.

There is no charge for using the FAF to apply for a Basic Grant.



HOW TO APPLY—A CHECKLIST

Financial aid has helped millions of students continue their education. If you think you need aid, your chances of getting it are best if you apply in the right way at the right time.

This checklist may help you to get—and stay—on track.

➡ Read the catalogs of colleges that interest you and select the institutions that seem most appropriate to your interests. Write to the admissions office at each college for an admissions application form.

Ask specifically about financial aid in your letter or request information about applying for financial aid from the college's Director of Financial Aid. It is best to do this early in your senior year.

➡ Make sure you know what forms you should file when. Then, as early as possible after January 1, 1980, complete the FAF (and the FAF Supplement if you are asked to do so by the college or program) and send it to the CSS. Be sure to list all of the colleges and scholarship programs to which you want your FAF sent, as well as the state and Basic Grant programs if appropriate.

➡ If you or your parents receive requests for additional information about your application, respond promptly in order to speed up the processing of your request for aid.

➡ If the colleges to which you are applying have their own separate financial aid applications, complete them as early as possible.

➡ Check with your counselor, high school library, and public library for books, articles, and

leaflets about financial aid. You may pick up some leads on student aid programs for which you are uniquely qualified because of your:

- academic achievement
- religious affiliation
- ethnic or racial heritage
- community activities
- special hobbies or interests
- organizational memberships
- artistic talents, athletic abilities, or other special skills
- career plans or proposed field of study

➡ Find out if your parents' employers, professional associations, or labor unions sponsor any grants, scholarships, or loans. Investigate community organizations (like the Chamber of Commerce) or fraternal groups (like the Rotary Club or Elks). Check with local churches, veterans posts, business and industry, and the PTA.

➡ If either parent is a military veteran, you may be eligible for special assistance; contact the nearest office of the Veterans Administration for information. You could also be eligible for educational benefits from the Social Security Administration if either parent is deceased, disabled, or retired; check with your local office for details.

➡ If the college of your choice can't provide you with enough gift aid and work aid to meet your full need, or your family can't come up with the total "expected contribution," you may be forced to borrow. So take the time, early on, to educate yourself about loans. Learn about interest rates and

repayment schedules and other terms and conditions related to loans—*before you sign on the dotted line.* (And remember that government-sponsored loans usually have the lowest interest rates and most flexible repayment arrangements.)

➡ Review your award letters carefully. The Director of Financial Aid at each institution and scholarship program is responsible for determining a student's need, knowing which funds a student is eligible for, and making a decision about who will receive financial aid and how much. The CSS does not make awards to students.

➡ Close attention should also be given to award notices and other communications from state programs and the Basic Grant program.

➡ Generally, payment of financial aid awards is made at the time that the student actually enrolls. The financial aid administrator at each institution can explain how the payments from each aid source will be made to you. If you have any questions, ask!

➡ Make a decision about which institution to attend on the basis of your educational and career goals. Remember to formally notify the institution whose offer you are accepting, and communicate your decision to other institutions in order to free their money for other applicants.

To receive aid, you must apply. Give yourself the best chance—plan ahead, apply early.